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Department of State **TELEGRAM**

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E.O. 11652: N/A
TAGS: ETEL, KS
SUBJECT: WESTINGHOUSE TETHERED BALLOON PROJECT
REF: MAYHEW - WESTINGHOUSE MEMCON, 4/29/76

1. REF WAS THE FIRST WORD WE RECEIVED ON WESTINGHOUSE'S RECENT PROBLEMS WITH ITS BALLOONS. WE HAVE SINCE CHECKED WITH THE PROJECT MANAGER, JAMES CURIE, TO VERIFY THE MEMCON, WHICH REFLECTS WESTINGHOUSE STATESIDE VIEWS THAT ARE SOMEWHAT DIFFERENT FROM THOSE HELD HERE.

2. YOU SHOULD BE AWARE THAT THE ROKG BELIEVES THAT MUCH OF THE DELAY HAS BEEN WESTINGHOUSE'S FAULT AND THAT, MOREOVER, THE BALLOONS WILL NEVER BE ABLE TO PERFORM TO SPECIFICATIONS.

3. CURIE INDICATED THAT SOME OF THE DELAYS WERE INDEED WESTINGHOUSE'S FAULT. FOR EXAMPLE, THE BALLOON GETS WEIGHED DOWN WITH SNOW WHILE TETHERED AT GROUND LEVEL WHICH CAUSES ITS TAIL TO DROP AND MAY LEAD TO DAMAGE. AN ANTI-SNOW DEVICE USING ANTI-FREEZE HAS NOT WORKED, BUT WESTINGHOUSE IS CONFIDENT IT CAN FIND AN ALTERNATE SOLUTION.

4. ON THE OTHER HAND, WESTINGHOUSE BELIEVES THE BALLOONS WILL TRANSMIT TV SIGNALS TO CONTRACT SPECIFICATION, BUT BECAUSE KOREA'S MOUNTAINS INTERFERE WITH LINE-OF-SIGHT RECEPTION TO MANY OF ITS SCHOOLS, THEY WILL NOT BENEFIT. WESTINGHOUSE CLAIMS IT WAS AWARE OF THIS CONDITION AND BELIEVES IT MADE THE KOREANS AWARE OF IT--BUT THEY WERE ALREADY SOLD ON THE

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CONCEPT AND DID NOT WANT TO HEAR THAT IT WOULD WORK LESS THAN PERFECTLY EVERYWHERE.

5. WE WERE NOT AWARE OF THE BATTLE OVER HELIUM SUPPLY, BUT IT APPEARS TO US THERE MAY BE TWO SIDES TO IT. AT ANY RATE, THE STAND-OFF ON HELIUM DELIVERY LED TO INSUFFICIENT LIFT ON ONE OF THE BALLOONS WHILE IT WAS TETHERED AT GROUND AND IT WAS DESTROYED IN A HIGH WIND.

6. THE QUESTION OF LIABILITY FOR THE DESTROYED BALLOON IS NOW AN ADDITIONAL ISSUE TO SETTLE. CURIE BELIEVES THAT THE ROKG OFFICIALS CANNOT ADMIT LIABILITY WITHOUT LOSING THEIR JOBS. HE HOPES THERE IS A BASIS FOR COMPROMISE, HOWEVER, IF WESTINGHOUSE REPLACES THE BALLOON, BUT THE ROKG PICKS UP CERTAIN OTHER COSTS. IN THE MEANTIME, NO FURTHER WORK IS TAKING PLACE. WE WILL CONTINUE TO MONITOR THE NEGOTIATIONS AND PROVIDE WHAT HELP WE CAN. SNEIDER